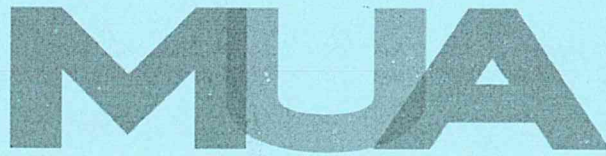


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP

PSM 404: PROCUREMENT AND CONTRACT MANAGEMENT

DATE: 19th JULY 2017

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow

KEN BEST LTD

Ken Best Ltd is a food supplier to a large retail supermarket. Ken Best was approached by the supermarket who requested that it should add an extra 25% volume to some produce to assist the supermarket with a special promotion. However, the price Ken Best would charge to the supermarket would remain the same. Ken Best was reluctant to enter into this agreement contract, but felt compelled to agree when the supermarket suggested that it might affect future business if it did not cooperate. "Operational contracts" often involve the repetition of similar activities (e.g. supply of production components, office cleaning services, etc.)

Required

- a) The supermarket suggested that it might affect future business if it did not cooperate. Explain the future business effects (15 marks)
- b) Explain the reason why Ken Best ltd was reluctant to enter into this agreement contract with the supermarket. (10 marks)

QUESTION TWO

- a) Explain the reasons why do contractual disputes arise between buyers and suppliers. (5marks)
- b) Elaborate on ten principal payments methods applied in most contracts entered into between buyers and sellers (10 marks)

QUESTION THREE

- a) Describe the elements that need to exist in order for a legally binding contract to be established intention to create legal obligation (10 Marks)

- b) Explain the challenges and remedies for breach of contract management
(5 marks)

QUESTION FOUR

- a) Where goods are to be delivered by installments, it is not possible to cancel the whole contract once one installment has been accepted. Assess the legal validity of this statement
(10 marks)
- b) Explain on the Challenges encountered In Contract Management
(5 marks)

QUESTION FIVE

- a. Discuss the risks of oral contracts in contract management. (5 marks)
- b. Explain the different types of dispute resolutions methods when contracting
(10 marks)

QUESTION SIX

- a) Getting your contract right, under the contract for sale of goods terms and conditions should be explicit. Explain the explicit elements in a valid contract.
(10 marks)
- b) Discuss on the objectives of contract management during procurement process.
(5 marks)

